Abstract

Does Cohesion Policy foster regional growth? A comparative spatial analysis of the 2007–2013 and 2014–2020 programming periods.

Keywords: European funds, economic growth, convergence, spatial regression, regions

The study examines the effectiveness of European Union Cohesion Policy in fostering regional economic growth across two programming periods, 2007-2013 and 2014-2020. Despite substantial financial transfers under Cohesion Policy, existing empirical evidence on their growth effects remains inconclusive, particularly with respect to temporal variation and spatial interdependencies among regions. Addressing this gap, the study aims to quantify the impact of Cohesion Policy expenditure while explicitly accounting for spatial spillover mechanisms and differences between successive programming periods.

The empirical analysis is based on a sample of 226 NUTS-2 regions from 27 European Union Member States, excluding regions of the United Kingdom. The Spatial Durbin Models (SDM) are estimated separately for each programming period and jointly for the entire 2007-2020 horizon. This approach allows for the identification of time-varying policy effectiveness as well as cross-regional interaction effects.

The results indicate heterogeneity in Cohesion Policy outcomes over time. For the 2007-2013 programming period, Cohesion Policy expenditure does not exhibit a statistically significant effect on regional economic growth. In contrast, estimations for the 2014-2020 period reveal a positive and statistically significant growth impact, which remains robust when the full study period is considered. Across all model specifications, evidence supporting β-convergence among European regions is found, alongside positive spatial spillover effects in regional growth dynamics. At the same time, the analysis identifies small but negative spatial effects associated with cohesion policy expenditure in the later programming period and in the pooled model, while such effects are statistically insignificant in the earlier period.

The findings suggest that the growth effectiveness of EU cohesion policy has strengthened over time, potentially reflecting institutional learning, improved allocation mechanisms, and enhanced policy implementation capacity. Overall, the results contribute to the ongoing debate on the economic effectiveness of Cohesion Policy by highlighting the importance of temporal comparison and spatial interactions in evaluating regional development policies.